

# **Formation strategy of economic structures: the tools and practices**

**Collective monograph**  
edited by **A. Berezin, M. Bezpartochnyi**

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The authors of research within the framework of collective monograph came to the conclusion about the need to study the development strategy of economic structures, highlight the role of the resource potential in the development of the economy, the methodical evaluation of the resource potential of the tools of economic entities.

The authors identified the most important factors that hinder the broad development of economic structures in the face of increasing competition. The research results have been tested on various models of development and validation of appropriate strategies that are implemented in different branches of the national economy and contribute significantly to the economic efficiency of market participants, the ability to provide a spatial transformation of the economy. The results obtained in the course of research, can be used in decision-making at the level of how economic structures and at the level of local governments, on the formation of the resource potential and development entities. Results can also be used by students and young scientists on modern concepts of structural changes in the regulation of economic processes and ensure the stability of the consumer market.

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**INFORMATIVE  
POTENTIAL OF  
ACCOUNTING THE  
WOODWORKING  
ENTERPRISES:  
ACHIEVING RESOURCE  
SAVING PURPOSES**

An enterprise's success in a competitive environment highly depends on a strategy it chooses to be implemented in a particular field. In terms of constant growth of prices for fuel and energy resources, as well as the obvious need to develop alternative energy sources and to save all kinds of natural resources, the strategy of woodworking enterprises should be based on the real potential in this area. In fact, current challenges require woodworking enterprises diversify their activities by expanding the value chain towards stimulating resource saving.

In Ukraine national priorities for resource saving are: providing an integrated processing of wood as primary raw material with a reduction in the volumes of outgoing resources; the introduction of low- and waste free technologies in manufacturing, the use of combined production cycles and implementation of complex processing of raw materials; the increase of waste recycling quality in the production sector; the use of non-traditional alternative energy sources – agricultural waste and secondary industrial resources [1, p. 162-163].

If we consider a woodworking enterprise as a sequence of activities aimed at production, it will be precisely the competitive company that will continue its value chain through the processing of the wood recycling waste into solid biofuels. Such a value chain of a woodworking enterprise consists in taking interrelated steps, which are persistent in nature and surface in the integrated use of raw wood. On

the assumption of the efficacious use of raw wood in practice, the following goals are to be achieved: efficient use of valuable organic materials, that is wood; involvement of wood waste in the function of secondary raw materials into the production; increasing the profitability of production; diversification of an enterprise's product range; improvement of the ecological situation by recycling industrial waste and so on.

The achievement of the above mentioned goals should be in the focus the whole management system of woodworking enterprises, the task of which is providing a high-quality, reliable and reasonable accounting information taking into account industry specificity.

The study of technology and organization of manufacturing products at woodworking enterprises under surveillance allowed to reveal their characteristic features that affect the accounting principles in managing their activities:

one batch of raw wood is used for making products of different purposes that are in demand in the market; otherwise a significant part of the aforementioned materials would become irrecoverable waste;

making of a product is the result of the previous making of the other one. This implies that wood waste generated in the production of target products due to technological capabilities of integrated timber production turns into valuable raw material for the manufacture of other products – solid biofuels (pellets or granules). This particularity leads to complexification of accounting the disposal of industrial waste, difficulties in the compiling the articles with cost price calculation of the products;

simultaneous uprise of explicit costs for raw materials (primary and secondary) for different types of products (target wood and solid biofuels) causes difficulties in assessing the wood waste, that is recycled materials. The existing shortcomings in the process of assessing waste result in overstatement and understatement of profitability of various products.

Thus, wood waste generated at such enterprises is characterized by the option of using it in full measure, however, because of insufficiently established system of accounting and analytical maintenance such an opportunity is not always available.

The foregoing survey implies that the objective need at woodworking enterprises is careful accounting of industrial waste. This is due to the necessity of providing managers with different management levels in the relevant information required for the management and of

meeting the requirements of the Law of Ukraine «On Waste» [2]. According to it, economic entities in the field of waste management are required to identify and implement primary current account number, type and composition of waste generated, collected, transported, stored, handled, recycled, neutralized and removed based on raw material production balances and submit statistical reports about it in due course [2]. Supplementary requirement to the duty of keeping accounts of waste is allocated for biofuels producers. Hence, according to the Law of Ukraine «On Alternative Fuels» entities, the result of whose activities is the generation of biomass, which is used for production of biofuels and bio-components, are required to maintain records of such biomass [3].

There are two types of waste accounting: state and primary. State accounting of waste is the only state system of collection, compilation, all-round analysis and storage of information on waste in the process of its formation and performance of different procedures with it [4]. State accounting of waste is based on the information contained in the respective forms of statistical reporting submitted by business entities in due course to the state regional statistics offices. Correspondingly, such statistical reporting has to be drawn up by the entities in accordance with the primary accounting of waste.

Maintaining production waste accounting will make possible at the state level – to monitor the presence of industrial wastes and operations with it; to penalize violators of legislative requirements; to provide an integrated utilization of raw material resources; to promote the highest possible quality of waste disposal by direct re-use or alternative use of it; to monitor the sites or waste disposal facilities in order to prevent its harmful effects on the environment and human health. And at the entity level – to be in possession of the information for controlling waste emission; to be able to receive additional income from the sale of recycled waste; to ensure full and timely collection and disposal of waste, as well as compliance with environmental safety rules when dealing with it; to ensure social protection of workers employed in the field of waste management [5, p. 157].

Therefore the main purpose of accounting industrial waste is detecting additional resources for secondary processing of raw materials in order to produce the necessary products for society and to gather the data for filling internal (management), financial, statistical reporting and reporting on sustainable development.

It is worth noting that the vast majority of woodworking enterprises

have difficulties with the disclosure of cost, quality and quantity of waste in various forms of reporting (both internal and external) due to the lack of necessary information provided, which should be received from the primary accounting of industrial waste. Thus, a well-organized waste accounting system is the basis of accounting and analytical maintenance support and is the key to high quality of waste management at the level of individual enterprises and at the state level.

According to the study, woodworking enterprises have drawbacks either in the methodological and organizational aspects of their accounting for wood waste, or the accounting is not established at all, which negatively affects the quality of accounting information, and therefore, the basis of management decisions. In this respect A. P. Checheta's statement that «the lack of strict accounting and control of the disposal of waste at enterprises creates not only difficulties in mobilizing available resources of wealth, but also influences the account of the hidden reserves of raw materials from which unaccounted products can be created» [6, c. 103] seems mostly reasonable.

Nowadays accounting practice faces issues to be solved, whereas those solutions, being resolved integrally are to improve the woodwork informational database – the very basis of the woodwork enterprise management.

Those issues include:

- initial standardized documentation of waste rates, specifications and waste traffic is either missing data or it is impossible to organize a proper waste accounting or an operational control on the storage locations and any analysis of related documents from the data available

- products, regarded as industrial waste are not listed as accountant items, or listed in other resource account.

- at most enterprises industrial waste does not undergo assessed or is evaluated unreasonably, which distorts production costs

- the circle of officials responsible for the timeliness and accuracy of documenting transactions related to the formation and use of waste as secondary raw materials still remains unidentified.

Every enterprise has its own approach to these issues, that is why some of them have a well-established, whilst non-competent accounting systems running, the others are lacking data essential for effective management of wood work on the whole.

Thus, to solve the outlined problems several conditions concerning woodworking have to be met:

- providing the classification features for wood waste as a precondition

for the formation of accounting policy;

determination of the waste generation location and appointing officials responsible for the posting, the account movement and inventory of industrial waste, as well as fixing the information in the relevant job descriptions;

establishing the regulations for industrial waste formation;

allocating the place for industrial waste in the work plan of accounts;

defining the methodology for assessing waste;

developing and fixing primary documents, on the basis of which the waste has to be accounted, adopting the schedule for maintaining the documentation;

developing and approving the internal (management) reporting on the formation and use of waste;

defining the terms and the sequence for the inventory of industrial waste, etc.

Thus, neglecting the informative potential of accounting for management decision making does not contribute to the effective development of woodworking enterprises, and, in fact, restrains them in dealing with the problem of resource conservation at both the region and state level as a whole.

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